

4 April 2024

Franklin Templeton Australia Limited Funds

Notice of changes to the Franklin Australian Absolute Return Bond Fund – Class A (APIR: FRT0027AU)

Dear Investor,

This notice is intended to provide you, an investor of the Franklin Australian Absolute Return Bond Fund (ARSN 601 662 631) (the "Fund") with information about the proposed quotation of the Fund's Class A units on the Australian Securities Exchange ("ASX") as an Exchange Traded Managed Fund ("ETMF").

Franklin Templeton Australia Limited ("FTAL"; "Responsible Entity"; "we", "us") as the responsible entity of the Fund has formally applied to the ASX to admit the Fund to trading status. This will mean, subject to approval from the Australian Securities and Investments Commission ("ASIC") and the ASX, the Fund's Class A units will be tradable on the ASX, similar to other listed securities.

The proposed listing date is 12th April 2024 ("Listing Date"), subject to regulatory approvals.

Notice of Exposure Period and Offer Notice Board

In accordance with regulatory requirements, the previous eight-page Product Disclosure Statement (PDS) will be superseded by a long-form version. This long-form PDS will be accessible from our website www.franklintempleton.com.au starting from the Listing Date.

As of the date of this notice, the new PDS has been officially lodged with the Australian Securities and Investments Commission (ASIC).

The new PDS will undergo an exposure period starting from 4th April 2024. This period is set for a minimum of 7 days but may be extended by ASIC for an additional 7 days if necessary.

Throughout the exposure period, the existing PDS dated 30 October 2023 will remain available. Investors may continue to apply for Units under the current PDS until the closure of the exposure period and subsequent ASX approval for the quotation of the Fund's Class A Units.

The new PDS can be reviewed on ASIC's Offer Notice Board during the exposure period.

Following the quotation and in alignment with ASIC's naming guidelines for exchange-traded products, the Fund's Class A Units will be referred to as the **Franklin Australian Absolute Return Bond Fund (Managed Fund)**.

Investors in Class M Units

If you are an investor in the Class M Units of the Fund, these Units are not being listed. Please note that a new PDS will be available on www.franklintempleton.com.au from 12 April 2024 to reflect changes that affect the Fund as a whole.

Why is this change being made?

We believe that the ETMFs provide investors with:

- **Choice and flexibility:** the structure we have opted for is what is referred to as a "multi-distributed" model. In this model, investors can choose to invest either directly with the Responsible Entity like they always have; and upon listing, investors can also elect to invest via the ASX.
- **Intraday trading and execution:** ETMFs trade on the stock exchange throughout the day. This intraday liquidity provides investors with the ability to enter or exit positions at market prices during trading hours.
- **Standardised settlement:** the standard settlement cycle is typically two business days after the trade date, commonly referred to as T+2 (Trade Date plus 2 business days) via a process called Delivery versus Payment, or "DvP" and ensures the transfer of securities is accompanied by the corresponding transfer of cash.

Will the Fund change?

There will be no changes to the Fund's investment strategy, objective, or fees. However, investors should note that some operational arrangements will be made leading up to the Listing Date.

1. Market Maker

In order to facilitate an orderly and liquid market in the Fund, we have appointed a market maker to maintain continuous liquidity to the market by acting as a buyer and seller on the ASX once the Fund is admitted to quotation.

More information on the role of the market maker (including the associated risks) will be made available to investors in the Fund's PDS available from our website from the Listing Date.

2. Additional Disclosures

In order to comply with regulatory and exchange requirements regarding disclosure on exchange traded products, we have also added information around the following aspects in the PDS and on our website in relation to the Fund:

- **Underlying Assets Disclosure:** information about the Fund's underlying assets, providing transparency to investors including how and when derivatives are used and limits on certain types of securities; as well as reporting obligations to keep investors informed.
- **Portfolio Holdings:** details around the disclosure of portfolio holdings to help investors understand the composition of the Fund.
- **Liquidity Provision and Market Making:** aspects around our arrangements for liquidity provision and market making.

What do I need to do?

As an existing unitholder of the Fund, you may choose to:

1. Continue to access your investment in the manner that you've become accustomed.

This is the default option.

Please read and understand the Fund's updated Product Disclosure Statement which outlines how the Fund will work once it's admitted to quotation. If you have any questions about the Fund and how it operates, please consult your financial advisor or contact us on 1800 673 776.

Once you have read and understood the PDS and you are happy to continue to access your investment as an unlisted managed investment scheme, you do not need to do anything.

2. Transact via the ASX:

Upon the Listing Date, you will also be able to access the Fund via your stockbroker using ticker code FRAR.AX.

Please read and understand the Fund's updated Product Disclosure Statement which outlines how the Fund will work once it's admitted to quotation. If you have any questions about the Fund and how it operates, please consult your financial advisor or contact us on 1800 673 776.

Once you have read and understood the PDS and you wish to transact via the ASX, please contact your stockbroker for further details.

3. Unit conversion from unlisted to listed (and vice versa):

A conversion is the movement of units, from being held off-market on the issuer-sponsored registry to the on-market Clearing House Electronic Subregister System ("CHESS") so that you can transact on the Securities Exchange.

You may also convert your units from CHESS to be held off-market so that you can transact directly with us.

Please contact us on 1800 673 776 to find out more about how to effect a conversion.

Some of these options may also be available to you if you invest indirectly such as an investor directed wrap service (IDPS) or master trust. Please contact your IDPS or master trust operator for more information.

There are important differences between accessing the Fund directly with us or via the ASX. We have set out in Appendix 1 a summary of the key differences between buying and selling units via the ASX or directly with us. You should also read the PDS in full before you make any decision to invest in the Fund.

If you have any questions regarding the content of this notice or require any further information, please contact our Investor Services team on 1800 673 776 or email us at auclientadmin@franklintempleton.com.

Thank you for investing with us.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Mat Sund', with a long horizontal stroke extending to the right.

Mat Sund
Head of Fund and Investor Services

Franklin Templeton Australia Limited (ABN 76 004 835 849, AFSL 240827) is a part of Franklin Resources, Inc. Franklin Templeton Australia Limited is the Responsible Entity and issuer for the Funds referred to in this document. We have not taken yours or your clients' circumstances into account. You should consider your and your client's circumstances to assess whether the information is appropriate for you and consider obtaining independent taxation, legal, financial or other professional advice before making an investment decision. Please read the relevant Product Disclosure Statements (PDSs) and any associated reference documents before making an investment decision. In accordance with the Design and Distribution Obligations we maintain Target Market Determinations (TMD) for each of our Funds. All documents can be found via www.franklintempleton.com.au or by calling 1800 673 776.

Appendix 1

Investors can invest in the Fund by either applying for units directly with the Responsible Entity using an Application Form, or by purchasing the units on the ASX. Investors can withdraw from the Fund either by redeeming units directly with the Responsible Entity using a Withdrawal Form, or by selling units on the ASX.

The method by which you invest in the Fund does not affect the method by which you can exit the Fund. If you enter the Fund by buying units on the ASX, you can exit the Fund by selling units on the ASX or by withdrawing directly with the Responsible Entity by converting your units to unlisted and completing a Withdrawal Form. If you enter the Fund by applying for units directly with the Responsible Entity you can exit the Fund by withdrawing directly with the Responsible Entity or by converting your units to listed and selling them on the ASX.

Set out in the table below is a summary of the key differences buying and selling units via the ASX or directly with the Responsible Entity:

	Buying units on the ASX	Applying for units directly with the Responsible Entity
How do I invest in the Fund?	<p>You can purchase units on the ASX via your stockbroker. You do not need to complete an application form.</p> <p>Your purchase of units will be settled via the CHES settlement service, generally two Business Days following your purchase.</p>	<p>You can complete a paper-based application using the Application Form, which is available on the Fund's website at www.franklintempleton.com.au or by contacting us on 1800 673 776 or by email auclientadmin@franklintempleton.com.</p> <p>To invest by a paper-based application, complete the Application Form (including the provision of other documentation required for identification purposes) and return it, via post, with your initial investment to the Fund's unit registry.</p> <p>Applications received, verified and accepted by the Fund's unit registry prior to 12pm (Melbourne time) on a Business Day will generally be processed using the unit price for that day. For applications accepted after 12pm (Melbourne time) or on a non-Business Day, generally the next Business Day's unit price will apply</p> <p>Your application will only be eligible to be accepted when it is accompanied by receipt of:</p> <ul style="list-style-type: none"> • A validly completed Application Form • Cleared application monies • Identity verification information

What is my purchase price when I make my investment in the Fund?	Your purchase price will be the price at which you purchased those units on the ASX, and will be set out in the confirmation provided to you by your stockbroker. You may incur brokerage fees and commissions when you buy units via your stockbroker. You should consult with your stockbroker for further details.	Your purchase price will be the unit price for the day on which your application is processed. This price reflects the net asset value per unit, plus a buy spread to allow for transaction costs incurred by the Fund as a result of your investment.
Is there a minimum number of units I need to buy?	No. There is no minimum number of units if you invest in the Fund via the ASX.	The minimum initial investment amount for investors applying for units directly with the Responsible Entity is \$25,000. The minimum additional investment amount is \$5,000.
How do I withdraw from the Fund?	You can withdraw from the Fund by selling your units via your stockbroker. Your sale of units will be settled via the CHESSE settlement service, generally two Business Days following your sale. You can only convert or transfer whole units held directly with the Fund (SRN holding on the issuer sponsored subregister) to an account with a stockbroker (HIN holding on the CHESSE subregister) and any partial unit holding remaining after the conversion or transfer will be paid in cash.	A copy of the paper-based Redemption Form can be obtained by contacting us on 1800 673 776 or by email at auclientadmin@franklintempleton.com . To redeem by a paper-based form, complete the Redemption Form and return it, via post, with your initial investment to the Fund's unit registry. Withdrawals received, verified and accepted by the Fund's unit registry prior to 12pm (Melbourne time) on a Melbourne Business Day will generally be processed using the unit price for that day. For redemptions accepted after 12pm (Melbourne time) or on a non-Melbourne Business Day, generally the next Melbourne Business Day's unit price will apply. Withdrawals are typically paid within 10 Melbourne Business Days although the Constitution allows us up to 21 days or longer in certain circumstances. Withdrawal proceeds will be paid to an investor's nominated bank account. You must hold your units on the Fund's issuer sponsored subregister and provide your SRN in order to redeem directly with the Responsible Entity. Your stockbroker can assist you with this process if you hold your units on a HIN. In order to redeem directly with the Responsible Entity you must have completed Identity verification.
What is my exit price when I withdraw from the Fund?	Your exit price will be the price at which you sold those units on the ASX, and will be set out in the confirmation provided to you by your stockbroker. You may incur brokerage fees and commissions when you sell units via your stockbroker. You should consult with your stockbroker for further details.	Your exit price will be the unit price for the day on which your redemption is processed. This price reflects the net asset value per unit, less a sell spread to allow for transaction costs incurred by the Fund as a result of your redemption.
Is there a minimum number of units I need to sell?	No. There is no minimum number of units when you withdraw from the Fund via the ASX.	A minimum balance of \$10,000 applies to investments acquired directly with the Responsible Entity.